



Committee On Finance

Max Baucus, Ranking Member

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Statement of U.S. Senator Max Baucus Negotiations for a U.S.-Central America Free Trade Agreement (CAFTA)

"Today, U.S. Trade Representative Robert Zoellick announced the conclusion of negotiations for a free trade agreement between the United States and four Central American countries. In my view, this announcement is premature. Too many important issues remain open to declare these negotiations successfully concluded.

Most importantly, the agreement does not include Costa Rica, the largest economy and the largest market for U.S. exports in the region. Whether Costa Rica will join the CAFTA, and on what terms, will not be worked out until some time next year. Other areas of the agreement also need more work. For example, market access commitments for some services have been set aside for completion at some indefinite future time.

Significantly, the agreement's provisions on environment and labor are not complete. Work remains to be done on establishing an effective citizen petition process that would give Central American citizens the same rights as their U.S., Mexican, and Canadian counterparts to question their governments' commitment to effectively enforce environmental laws. Environmental and labor cooperation agreements need to include provisions for monitoring by objective international or regional organizations to assure that standards in the region are, in fact, improving.

I have been working closely with Ambassador Zoellick on these issues and am hopeful that they can be resolved in the coming weeks. But we are not done yet.

I have long supported trade agreements that open markets and create opportunities for American farmers, workers, and businesses. I think the CAFTA has the potential to be such an agreement. But no deal is better than a bad deal, and at this point we don't know enough to decide whether the CAFTA is a good deal.

As it stands, I don't think this agreement has the support needed for Congressional approval. I urge the Administration to continue working to resolve these important outstanding issues before declaring the negotiations a success.

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